

LMC Properties, Inc.
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Telephone 410-682-1300



July 31, 1997

Thomas J. Quinn
President

Mr. Thomas J. Motherway
President
McDonnell Douglas Realty Co.
4060 Lakewood Boulevard, 6th Floor
Long Beach, California 90808-1700

Re: Lockheed Martin/McDonnell Douglas - 190th Street Properties

Dear Tom:

I have received your letter of July 18th and have the following responses:

1. **Traffic Mitigation.** Based on our communications with our traffic consultant, we believe the consultants have agreed on the various impacts our respective projects generate at the intersections in question. We are preparing our proposal to you and agree with your comment that we should all be in a position to resolve outstanding issues on the cost sharing arrangement within a week to ten (10) days of your receipt of our proposal.
2. **Rail Services.** In evaluating the rail issue, we have also received a copy of Stephen Hoy's letter to you dated July 25th. The issue of giving up rail service is Fremont's choice and we have no concerns providing closing of the sale to Fremont in fact occurs. If the Fremont deal does not close, we are not prepared to speak for the next buyer whose need may be different.

I gather you are dealing directly with Capitol Metals on their easement rights over which we have no control. I am informed that the Capitol Metals parcel is also benefited from the 1964 railroad easement since it was then part of the entire Harvey Plant site which parcel (the former Sheet Mill property) was later sold to Capitol Metals after a lot split. I also understand that the Capitol Metals parcel may be benefited by certain power and sewer easements which again are not within our control.

3. **Environmental.** We have reviewed your concerns regarding any potential impact that Lockheed Martin's operations may have had on the adjacent McDonnell Douglas property and your request for an expedited groundwater investigation. As you know, Lockheed Martin is obligated under a DTSC Consent Order to investigate and, where necessary, address off-site environmental impacts caused by its operations. Lockheed Martin has also committed to Fremont that it will undertake such obligations and has indemnified Fremont accordingly.


In furtherance of Lockheed Martin's commitment to address off-site environmental impacts, Lockheed Martin is willing to provide McDonnell Douglas with written assurances that it will expeditiously investigate any potential impact to the McDonnell Douglas property, including the installation (and payment) of monitoring wells, as well as address the other issues identified in your July 18th letter. In addition, Lockheed Martin's written assurances will cover the performance of any legally required remedial actions consistent with its Consent Decree obligations to address any environmental impacts to the McDonnell Douglas property caused by Lockheed Martin.

Although Lockheed Martin cannot meet your 30 August deadline with respect to the installation of monitoring wells, Lockheed Martin is willing to meet with McDonnell Douglas to agree upon an expedited schedule for the performance of these and other activities. In addition, in lieu of installing the monitoring wells by the 30 August date, Lockheed Martin is willing to provide the written assurances outlined above by such date.

Lockheed Martin remains willing to meet with McDonnell Douglas as soon as possible (preferably August 5th or 6th) to further define the scope of our written assurances and the performance and payment of any required investigative and remedial activities, provided McDonnell Douglas or its agents will not, nor directly or indirectly encourage or promote other parties to, object to, appeal, or otherwise take any adverse action with respect to Fremont's vested tentative tract map and related issues currently before the City of Los Angeles.

Tom, I trust the foregoing responses and provision for expedited action and written environmental assurances will be favorably received and that we may now promptly proceed to meet and wrap up the appropriate written documentation and assurances in respect to Traffic Mitigation and Environmental. It would be greatly appreciated if you would promptly confirm and notate your concurrence below and hopefully return your confirmation by fax to me today.

LMC PROPERTIES, INC.

By: 
Thomas J. Quinn
Its President

Concur:

MCDONNELL DOUGLAS REALTY CO.

By: _____
Thomas J. Motherway
Its President

cc: Mr. Stephen G. Hoy
Mr. Thomas C. Wolff, Jr.
Mr. Craig Lawson